RELEASE

2Q12

Release republished on 03/28/2014 due to the restatement of the Quarterly Information for the 2nd quarter of 2012

Porto Alegre, March 28, 2014 - Forjas Taurus S.A. (**BM&FBOVESPA:** FJTA3, FJTA4), a company in the segments of (i) ***Defense and Security*** – as the largest weapon manufacturer in Latin America and one of the largest in the world; and of (ii) ***Metallurgy and Plastics*** – as market leader in the production of helmets for motorcyclists, and in the production of bulletproof vests, antiriot shields, plastic containers and forged and molded parts (M.I.M – Metal Injection Molding), informs hereby the voluntary restatement of result for the 2nd quarter of 2012 (2Q12), and of the first six months of 2012 (6M12) as established by **CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors** (equivalent to IAS 8).

Due to the amendment of the Purchase and Sale Contract ("Contract") in connection with disposal of operations of Taurus Máquinas-Ferramenta Ltda. ("TMFL"), occurred on September 12, 2013, the asset sale amount was decreased from R$ 115 million to R$ 57.52 million, resulting in a loss of R$57.83 million. Company management, in a review of all contracts and correspondence related to this operation, concluded that the events that lead to decrease in value was already present on the sale of the asset, whose original contract was signed on June 21, 2012.

As a result, decided to restate the quarterly results related to 2Q12, thus eliminating the following: (i) the independent auditor's qualified conclusion on the financial position; and (ii) the independent auditor's adverse conclusion on the result and cash flows for the restated periods.

Considering the changes made for purposes of voluntary restatement of the financial information, a new process for approval of the Company's Quartely Information ("ITRs") at June 30, 2012 was conducted by management and, in accordance with **CPC 24 – Subsequent Events**, the impacts from subsequent events were also considered, occurred between the period of the ITR and approval for the restatement thereof.

A consolidated net loss of R$ 102.8 million in the 6M12 was performed after ITR's restatement, as shown in Section 1.9 of this report.

In view of the above, beyond this ITR, were restated the Quartely Information ("ITR") closed in 09-30-12, 03-31-13, 06-30-13, 09-30-13, in addition to the financial statements standardized ("DFP") to the year ended at 12-31-12, all restated at this date, for the comments on performance in management's discussion and analysis of results (MD&A) to reflect the new financial situation and the financial and economic result after restatement of the financial statements, as detailed in Note 3 of each restated period.

The impact from restatement of financial statements is basically: (i) nonrecurring; and (ii) minimized by not representing significant outflows in the Company's cash flow, being reversible in relation to the additional provisions, as the installments from the sale of TMFL operations are paid or as the contingenciesdon't occur in fact.

The Company's operating and financial information was consolidated in accordance with International Financial Reporting Standards – IFRS and the amounts are expressed in millions of Brazilian reais, except where otherwise stated.

HIGHLIGHTS FOR THE 1ST SEMESTER OF 2012 (2Q12)

- **January/12**

  ✓ Management of operations of Steelinject (metal injection molding) acquired from Lupatech in Dec/11 for R$ 14 million;

  ✓ Launching of new weapons in the SHOT SHOW in Las Vegas (Nevada), USA, the biggest hunting, sports and public and private security weapons fair in the world;

- **March/April/12**

  ✓ Raising of international revolving credit line facility of US$ 75 million by Taurus Holdings – USA, with term of 5 years and at very competitive cost;

  ✓ Hiring of new independent auditor, namely Ernst&Young Terco, owing to the mandatory rotation of auditor;

✓ Ordinary Shareholders' Meeting approves Capital Budget of Taurus (CAPEX/2012 of R$78.6 million), including acquisitions;

- **May/12**

✓ Acquisition of Heritage Manufacturing Inc., a company manufacturing revolvers in the USA for R$ 19 million;

- **June/July/12**

✓ Sale of the operations of Taurus Máquinas-Ferramenta Ltda. to Renill Participações Ltda. for R$ 115 million;

✓ Launching of new products in the 12th INTERSEG, the biggest Public Security Fair in Latin America, held in São Paulo - SP (Rifle CT 556; Pistol PT 24/7 G2 SA; Shotgun ST-12; Grenade Launcher LT-38, entering the market of less lethal weapons);

✓ FJTA4 (preferred shares) reached nominal appreciation of 77.4% in Jan/Jul12, being the 11th most profitable share on BM&FBOVESPA, with significant increase in liquidity as compared to December, with financial volume increase of 159% and number of trades increase of 81%, reaching market value of R$ 360 million at the end of July/12;

✓ Consolidated net revenue of R$ 353.8 million, up 16.5% in 1H12 as compared to 1H11 and increase in exports of 20.8%, with average US dollar rate 14% higher;

✓ Helmet sales of 1,373 thousand were up 19.6% and net revenue of R$ 65.3 million was up 16% in 1H12, while motorcycle sales were down 13.2%;

✓ The market share in the helmets segment was up from 52% to 54%;

✓ EBIT of R$ 67.9 million was up 49.8%, with margin of 19%;

✓ Adjusted EBITDA of R$ 80.7 million was up 27.5%, with margin of 22.8% of net revenue for 1H12, higher than the 20.8% margin for 1H11;

✓ Restatement of the quarterly information of the 2nd quarter of 2012 to consider the effects of renegotiation of TMFL on a retroactive basis and for June 2012 (date of asset disposal), resulting in net loss of R$ 102.8 million in 1H12, as compared to net income of R$ 6.9 million in 1H11.

FORJAS TAURUS ANNOUNCES THE RESULTS FOR THE 2ND QUARTER OF 2012 (2Q12)

1 – Economic and Financial Performance

1.1 Main Economic and Financial Indicators

Consolidated amounts in millions of Brazilian reais, except where otherwise indicated

						Variation %		
Ratios	**2Q12**	**1Q12**	**2Q11**	**1H12**	**1H11**	**1H12/1H11**	**2Q12/2Q11**	**2Q12/1Q12**
Net revenue	**175,4**	**178,4**	**147,8**	**353,8**	**303,7**	**16,5%**	**18,7%**	**-1,7%**
Domestic market	74,8	69,8	64,7	144,6	130,5	10,8%	15,5%	7,1%
Foreign market	100,6	108,6	83,1	209,2	173,2	20,8%	21,1%	-7,4%
COGS	101,5	112,2	87,1	213,7	182,4	17,2%	16,5%	-9,5%
Gross Profit	73,9	66,1	60,6	140,0	121,3	15,4%	21,8%	11,7%
Gross Margin - %	**42,1%**	**37,1%**	**41,0%**	**39,6%**	**39,9%**	**-0,4 p.p.**	**1,1 p.p.**	**5,0 p.p.**
Operating Expenses	-36,4	-35,8	-38,7	-72,1	-76,0	-5,1%	-6,0%	1,6%
Operating Profit (EBIT) (1)	37,5	30,4	22,0	67,9	45,3	49,8%	70,7%	23,5%
Net Financial Income	-18,0	-1,9	-8,9	-19,9	-11,1	78,8%	101,6%	827,5%
Depreciation and amortization (2)	7,9	7,6	7,8	15,4	15,0	2,7%	1,7%	4,3%
Net Income - Continuing Operations	12,1	17,3	6,5	29,4	18,9	55,7%	85,3%	-30,0%
Net Income Margin - Cont. Operations	**6,9%**	**9,7%**	**4,4%**	**8,3%**	**6,2%**	**2,1 p.p.**	**2,5 p.p.**	**-2,8 p.p.**
Net Income - Descontinuing Operations	-127,1	-5,2	-6,7	-132,2	-12,0	1006,3%	1786,1%	2359,3%
Net Income - Consolidated	-114,9	12,1	-0,2	-102,8	6,9	-1580,0%	57371,0%	-1046,7%
Net Income Margin - Consolidated	**-65,5%**	**6,8%**	**-0,1%**	**-29,1%**	**2,3%**	**-31,3 p.p.**	**-65,4 p.p.**	**-72,3 p.p.**
Adjusted EBITDA (3)	44,5	36,2	33,5	80,7	63,3	27,5%	32,7%	22,8%
Adjusted EBITDA Margin - %	**25,4%**	**20,3%**	**22,7%**	**22,8%**	**20,8%**	**2,0 p.p.**	**2,7 p.p.**	**5,0 p.p.**
Total Assets	1.059,8	1.126,9	960,7	1.059,8	960,7	10,3%	10,3%	-6,0%
Equity	228,9	334,3	459,6	228,9	459,6	-50,2%	-50,2%	-31,5%
Investiments (CAPEX)	31,3	21,2	12,8	52,5	27,1	93,7%	144,6%	47,4%

(1) For EBIT calculation purposes, equity pickup result was not considered, contained in operating expenses of the ITR form.

(2) Depreciation and amortization: these amounts include total depreciation and amortization based on cash flow for ITR

(3) Adjusted EBITDA: Earnings before interest, tax, depreciation and amortization and net earnings from non-recurring operations.

The computing process was developed acording the CVM nº 527 instruction of October 04, 2012.

1.2 – Consolidated Net Revenue

2Q12

Total consolidated net revenue for 2Q12 amounted to R$175.4 million, up 18.7% in relation to R$147.8 million in 2Q11. This increase is mainly due to the 21.1% increase in sales in the foreign market totaling R$ 100.6 million, corresponding to 57.4% of consolidated net revenue, as compared to 56.2% in 2Q11. The North American market alone (United States, Canada and Mexico) represented 55% of total net revenue and 95.9% of exports, due to the increase in consumption in the USA in the 1H12.

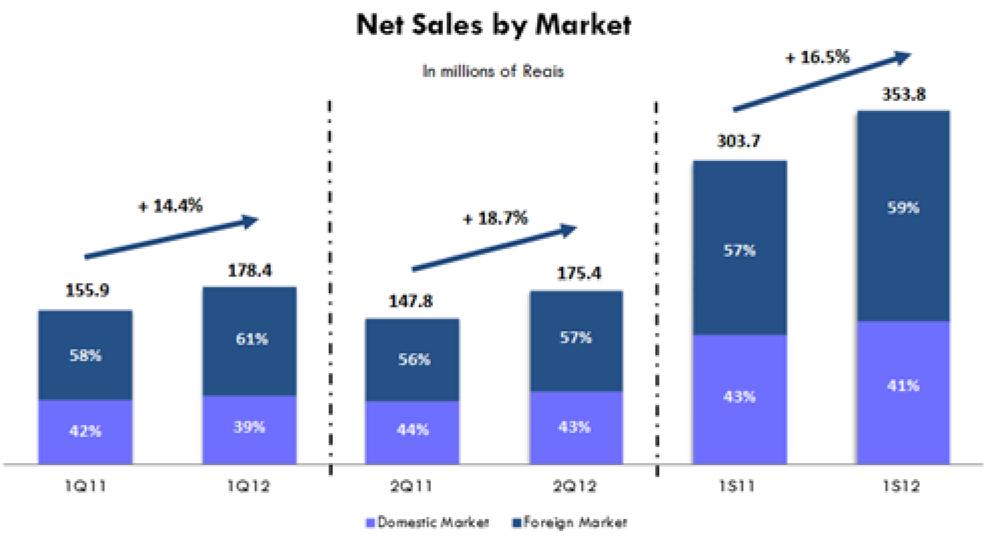
Average exchange rate appreciation was of 23% in 2Q12 as compared to 2Q11, benefitting export trading companies like Taurus.

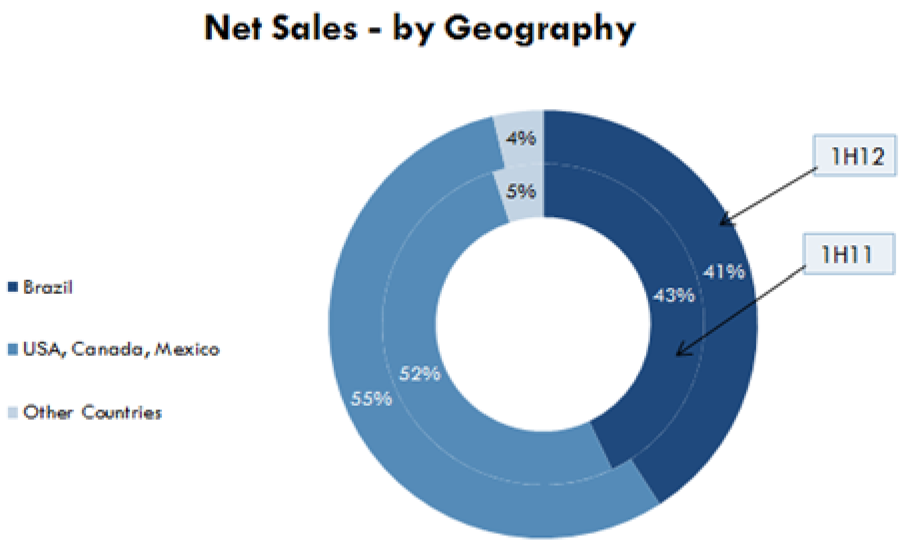
1H12

Consolidated net revenue for 1H12 reached R$ 353.8 million, up 16.5% in relation to 1H11, due to the 20.8% increase in exports, which represented 59% of total revenue and due to the 10.8% increase in the domestic market. The trend of increase in revenue in each quarter was maintained in relation to the same prior year period, being up 14.4% in 1Q12 and up 18.7% in 2Q12.

Average exchange rate appreciation was of 23% in 2Q12 as compared to 2Q11, benefitting export trading companies like Taurus.

We illustrate below the Company’s sales in the quarters under review, by market and geographic region, in millions of Brazilian reais:





1.3 – Business segment information

The table below sets out consolidated highlights by business segment in the 1H12, compared with the same 2011 period, however, we point out that discontinued operations were eliminated (TMFL – Taurus Máquinas-Ferramenta Ltda.) and intersegment revenues, according to the table in Note 7 of the 2nd ITR/12. In addition to the restatement of the financial statements for 2Q12, we point out that we had restated the results by business segment of 2012 and 2011 upon disclosure for the 3Q12, in order to improve the criteria for the apportionment of expenses and allocation of revenues among the three segments, so as to better reflect the Company's performance in accordance with Accounting Pronouncement CPC 22.

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative Six months - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	1H12	Part. %	1H11	Part. %	Var.	1H12	1H11	Var.	1H12	1H11	Var.p.p	1H12	1H11	Var.
Firearms	247,8	70,1%	223,8	73,7%	10,8%	89,5	94,4	-5,2%	36,1%	42,2%	-6,1	9,9	18,6	-47%
Helmets	65,3	18,5%	56,3	18,6%	16,0%	27,5	23,3	17,6%	42,0%	41,4%	0,6	19,6	16,8	17%
Others	40,6	11,5%	23,6	7,8%	72,0%	23,0	3,5	NS	56,8%	15,0%	41,7	18,5	(1,2)	NS
Total	**353,8**	**100,0%**	**303,7**	**100,0%**	16,5%	**140,0**	**121,3**	15,4%	**39,6%**	**39,9%**	**-0,4**	**48,0**	**34,2**	40%

Comparative Quarter - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	2Q12	Part. %	2Q11	Part. %	Var.	2Q12	2Q11	Var.	2Q12	2Q11	Var.p.p	2Q12	2Q11	Var.
Firearms	116,7	66,6%	108,1	73,1%	8,0%	45,7	50,9	-10,3%	39,2%	47,1%	-8,0	(2,9)	9,2	NS
Helmets	33,4	19,0%	28,4	19,2%	17,3%	13,7	12,2	12,8%	41,2%	42,8%	-1,7	10,1	9,2	10%
Others	25,3	14,4%	11,3	7,6%	124,8%	14,4	(2,5)	NS	57,0%	-22,1%	79,0	12,3	(5,4)	NS
Total	**175,4**	**100,0%**	**147,8**	**100,0%**	18,7%	**73,9**	**60,6**	21,8%	**42,1%**	**41,0%**	**1,1**	**19,6**	**13,1**	50%

Comparative Quarter - Current Quarter x Previous Quarter

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	2Q12	Part. %	1Q12	Part. %	Var.	2Q12	1Q12	Var.	2Q12	1Q12	Var.p.p	2Q12	1Q12	Var.
Firearms	116,7	66,6%	131,1	73,5%	-11,0%	45,7	43,8	4,3%	39,2%	33,4%	5,7	(2,9)	12,7	-123%
Helmets	33,4	19,0%	32,0	17,9%	4,3%	13,7	13,7	0,1%	41,2%	42,9%	-1,7	10,1	9,5	7%
Others	25,3	14,4%	15,3	8,6%	65,6%	14,4	8,6	67,3%	57,0%	56,4%	0,6	12,3	6,2	98%
Total	**175,4**	**100,0%**	**178,4**	**100,0%**	-1,7%	**73,9**	**66,1**	11,7%	**42,1%**	**37,1%**	**5,0**	**19,6**	**28,4**	-31%

(i) Weapons – operations conducted by Forjas Taurus S.A. (Porto Alegre – RS) and Taurus Holdings, Inc. (Hileah – Florida, USA);
(ii) Helmets for motorcyclists – operations conducted by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda. in Mandirituba (PR) and Simões Filho (BA.;
(iii) Other –forging and M.I.M. segments (São Leopoldo- RS);and bulletproof vests and plastic products (Mandirituba-PR).

Defense and Security Segment

1. Weapons

2Q12

The Defense and Security segment in 2Q12 represented 67% of total consolidated net revenue, reaching R$ 116.7 million, up 8% as compared to 2Q11 (R$ 108.1 million, equivalent to 73% of total consolidated net revenue). Gross profit amounted to R$ 45.7 million, down 10.3% in relation to 2Q11 but up 4.3% in relation to 1Q12. Gross margin reached 39.2%, lower than that for the same prior year period of 47.1%. The decrease is due to the increase in costs and higher unproductivity due to lower production volume in the prior quarter due to a technical halt.

1H12

Net revenue represented 70% of total consolidated net revenue, reaching R$ 247.8 million, up 10.8% as compared to 1H11 (R$ 223.8 million, equivalent to 74% of total consolidated net revenue). Gross profit amount for the half was down 5.2% and gross margin of 36.1% was lower than that for the same prior year period of 42.2%. The decrease is due to the technical halt of 20 days in February, which did not take place in 1H11, thus resulting in lower production volume.

Metallurgy and Plastics Segment

2. Helmets for motorcyclists

2Q12

In analyzing the result for 2Q12, it is already possible to feel the effect from gradual recovery in revenue and volume of motorcycle sales by Taurus, with revenue of R$ 33.4 million, up 17.3% compared to 2Q11 and up

4.3% in relation to 1Q12. There was also recovery in gross profit, which was up 12.8% in relation to 2Q11 and stable compared to 1Q12, with gross margin of 41.2% in 2Q12 (42.8% in 2Q11 and 42.9% in 1Q12).

EBIT in 2Q12 amounted to R$ 10.1 million, up 10% in relation to 2Q11 and up 7% compared to 1Q12.

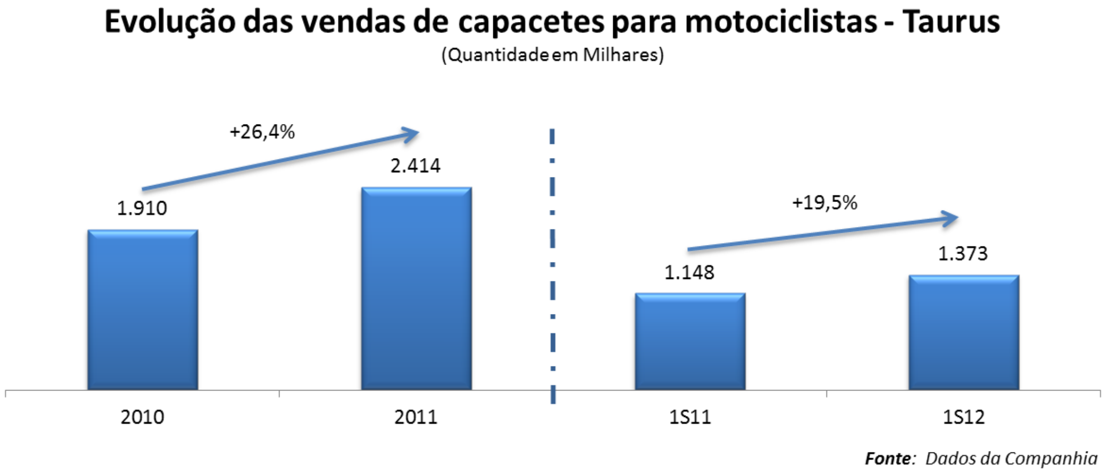
1H12

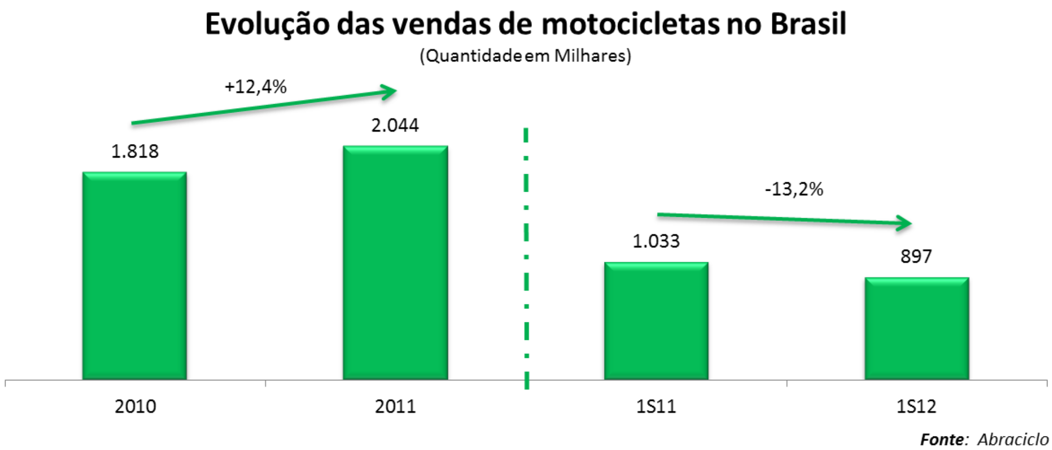
Sales of helmets for motorcyclists represented 18,5% (R$ 65.3 million) of total consolidated net revenue of 1H12, up 16% compared to 1H11 (R$ 56.3 million and representing 18.6% of total consolidated net revenue).

Despite the 13.2% decrease in motorcycle sales in the market in 1H12, mainly due to the increase in consumers' default, thus leading to increased restrictions to consumer credit, Taurus succeeded in growing 19.6% in volume and 16% in terms of revenue. Gross margin remained stable, namely 42% of net revenue in 1H12 as compared to 41.4% in 1H11, with a 17.6% increase in gross profit, however proportionally lower than the 16% increase in net revenue.

EBIT in 1H12 of R$19.6 million was up 17% compared to 1H11. There was sale of 1,373 thousand helmets in the six-month period, up 19.6% in terms of volume in relation to 1H11, with a gain in relation to competitors, with a market share that increased from 52% at the end of March to 54% at the end of June 2012, due to the competitive differentials, such as quality and price.

We illustrate below evolution of motorcycle sales and helmet for motorcyclists sales in Brazil by Taurus on an annual basis in 2010 and 2011 and on a semi-annual basis for 2011 and 2012.





3. Other products

2Q12

Net revenue amounted to R$ 25.3 million, up 124.8% as compared to 2Q11. This significant difference is due to the variety of products contained in the Others segment, representing 14.4% of sales, compared to 7.6% in 2Q11.

1H12

Consolidated net revenue from other products totaled R$ 40.6 million in 1H12, representing 11.5% of total consolidated net revenue of 1H11 (R$ 23.6 million), up 72% due to the significant increase in the volume of sales of bulletproof vests, plastic containers and glasses for motorcyclists, which offset the decrease in forged products for third parties. Among other products, there are metal injection molded products for third parties (M.I.M), especially for the automotive, oil and gas and agricultural sectors, which have presented good future prospects, with several contracts that are being negotiated with new customers, following a strategy to reduce the share of "commoditized" parts in billing, in order to migrate to an every time more differentiated production, that adds value in terms of technology, innovation and quality, as well as integrated engineering meeting customers' needs, to allow higher margins and thus increase profitability.

1.4 – Gross profit and gross margin

2Q12

Consolidated gross profit increased 21.8%, reaching R$ 73.9 million in 2Q12 with gross margin of 42.1% (R$ 60.6 million in 2Q11 and gross margin of 41%). Gross profit and gross margin were mainly affected by the following: (1) cost increased proportionally less than revenue; (2) decrease in the margin of weapons, due to the decrease in production and increase in US dollar-related production costs, offset by; (3) reversal of R$ 700 thousand in the form of reversal of the provision related to profit sharing of executives linked to production, since the Company did not post profit; (4) 12.8% increase in gross profit from helmets for motorcyclists, with higher sales volume and revenue despite the slowdown in the motorcycle market; and (5) other products, that presented good evolution from loss to gross profit due to the significant increase in the volume of bulletproof vests and plastic containers, with margin recovery.

1H12

Consolidated gross profit increased 15.4%, reaching R$ 140 million in 1H12 with stable gross margin of 39.6% (R$ 121.3 million in 1H11 and gross margin of 39.9%).

The performance is due to the following: (1) 5.2% decrease in gross profit from the weapons segment due to increase in CPS in excess of the increase in net revenue; (2) 17.6% increase in gross profit in the helmets segment due to the increase in sales volume and revenue, with increase in gross margin from 41.4% to 42%; (3) reversal of R$ 700 thousand in the form of reversal of the provision related to profit sharing of executives linked to production, since the Company did not post profit; and (4) increase in gross profit from other products reaching R$ 23 million and margin of 56.8% (R$ 3.5 million and margin of 15% in 1H11), highlighting the increase in sales volume of bulletproof vests, glasses for motorcyclists and plastic containers, with quite satisfactory margins.

1.5 – Earnings before interest and taxes - EBIT

2Q12

Consolidated EBIT was up 70.7% in 2Q12, totaling R$ 37.5 million, with operating margin of 21.4% (R$ 22 million and operating margin of 14.9% in 2Q11). EBIT was affected mainly by the 21.8% increase in gross profit and the 6% decrease in total operating expenses in 2Q12 as compared to 2Q11.

1Q12

EBIT was up 49.8% in 1H12, totaling R$ 67.9 million, with operating margin of 19% (R$ 45.3 million and operating margin of 14.9% in 1H11). EBIT resulted from the 15.4% increase in gross profit and the 5.1% decrease in total operating expenses in 1H12 as compared to 1H11.

1.6 – Adjusted EBITDA and adjusted EBITDA margin

With issue of CVM Rule No. 527 of October 2012, there was creation of a concept for non-accounting measures with EBITDA, in order to represent the Company's capacity of generating cash from its operations, with the possibility of adjustments for non-recurrent results.

EBITDA calculation box as follows:

CONSOLIDATED EBITDA

In thousands of BRL

PERIOD	1H11	1H12
= NET PROFIT	6.926	(102.801)
(+) IR/CSLL	15.273	18.569
(+) Net Financial Expenses	22.183	86.958
(-) Net Interest Income	(11.055)	(67.065)
(+) Depreciation/Amortization	15.027	15.438
= EBITDA CVM Reg. 527/12	48.354	(48.901)
(+) Income from Discontinued Operations (1)	11.951	129.626
(+) Non-recurring Expenses	4.623	-
= ADJUSTED EBITDA	64.928	80.725

(1) *Net rresult of discontinued operations, properly discounted the depreciation and amortization, taxes and net financial result effects, as a criterion for calculating EBITDA.*

2Q12

As explained above, there was application of the new calculation methodology of CVM Rule No. 527 of October/2012, reason why EBITDA for 2Q12 was recalculated and also that for 2Q11, being denominated adjusted EBITDA, presenting differences in relation to that originally presented, since the new rule did not exist at the time.

Consolidated operating cash generation in 2Q12 was up 32.7%, measured by the adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, eliminating discontinued operations nonrecurrent of TMFL), totaling R$ 44.5 million and EBITDA margin of 26.3% (R$ 33.5 million and EBITDA margin of 25.4% in 2Q11).

1H12

The same concept was adopted for the result for 1H12. Consolidated cash generation in 1H12 was up 27.5% as compared to that of 1H11, totaling R$ 80.7 million with adjusted EBITDA margin of 22.8% (R$ 63.3 million and adjusted EBITDA margin of 20.8% in 1H11). Depreciation and amortization composing adjusted EBITDA calculation were used without considering discontinued operations, covering the acquisitions of Steelinject and Heritage, of which the fixed assets started to compose our assets and shareholdings, in addition to the investments in operating improvements, with the acquisition of new machinery and equipment.

1.7 – Financial income (expenses)

Consolidated net financial expenses in 1H12 totaled R$ 19.9 million, up 78.8% compared to R$ 11.1 million in 1H11. There was financial income of R$ 67.1 million compared to financial expense of R$ 87 million, also the increase in net financial expense is due to the increase in interest expenses and net negative exchange variation of R$ 12.1 million in 1H12.

Raising of funds abroad through an international credit line at the end of March 2012, in the modality of Revolving Line of Credit Facility, by subsidiary Taurus Holdings, Inc. and its subsidiaries, in the amount of US$ 75 million, with term of 5 (five) years at competitive costs, contributed to the strategy of generating higher cash flow at the Parent Company (Brazil), since the average term granted in exports to the USA of 150 days was reduced to 30 days as from April.

This raising of funds is aligned with one of the items of the Business Plan, which sought to extend the debt payment term and reduce financial costs as well as provide a source of funds for acquisitions (purchase of Heritage in the USA in April/12), as provided for in the Capital Budget for 2012.

1.8 – Net income (loss)

2Q12

As mentioned in Section 1.9 of this release, we recognized a loss of R$ 58 million by reducing the selling price of the TMFL operations and constitute provision for losses to the outstanding receivable balance in order of this sale in the amount of R$ 57 million. Also as described in that topic, due to restatement of quarterly financial information, subsequent events occurring after the date of the quarterly information and its restatement in the amount of R$ 11 million was also reflected in the results for the period ended June 30, 2012. These values were recognized by the subsidiary TMFL, which was classified as a discontinued activity on that date. The consolidated loss was R$ 114.9 million in 2Q12 (the net loss from discontinued operations totaled R$ 127 million).

If we analyze net result from **continuing operations** separately in 2Q12, there was net income of R$ 12.1 million before discontinued operations and 6.9% margin, compared to net income of R$ 6.5 million and net margin 4.4% in 2Q11.

1H12

Owing to the renegotiation of sale of TMFL in 2Q12, we restated the results for 1H12, with loss of R$ 102.8 million, due to posting of loss of R$ 132.2 million from TMFL discontinued operations.

Analyzing net income from continuing operations in 1H12, the result amounted to R$ 29.4 million, up 55.7%, with net margin of 8.3%, compared to net income of R$ 18.9 million and net margin of 6.2% in 1H11. Net income from continuing operations was 4 times higher than that for prior year, mainly due to the following factors: (a) 16.5% increase in net revenue; (b) 15.4% increase in gross profit; (c) 5.1% decrease in net operating expenses; and (d) 27.5% increase in EBITDA.

1.9 – Restatement of Consolidated Quartely Reviews

On June 21, 2012, Forjas Taurus S.A. concluded the sale of the operating activities of Taurus Máquinas-Ferramenta Ltda. ("TMFL") to Renill Participações Ltda. ("RPL"), in the amount of R$115.35 million, according to the Contract for Purchase and Sale of Units of Interest and Other Covenants ("Contract") entered into by the parties.

As mentioned in ITR's Note 8, the Parties renegotiated the sales price and payment conditions, adjusting the overall value of the Contract related to disposal of subsidiary TMFL to R$ 57.52 million.

The accounting effect from the renegotiation entailed reduction of the sale value, resulting in loss of R$57.83 million.

The Company revisited all contracts and correspondence related to the sale of TMFL operations, reaching the same conclusion as that of its independent auditor, i.e. that the events that led to the reduction of the original sales value were already present at June 30, 2012, reason why the loss should have been recognized as of that date.

In view of this, the Company decided to voluntarily correct all the effects determined on a retroactive basis in the financial statements as established by CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors (equivalent to IAS 8), as under:

						Consolidated
						At June 30, 2012
	Assets		Liabilities and equity			Income (loss
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	for the period
Balance originally disclosed	**674,106**	**512,196**	**429,034**	**403,937**	**353,331**	**21,670**
Write-off of accounts receivable (a)	-	(57,830)	-	-	(57,830)	(57,830)
Supplementary provision for losses (b)	(2,600)	(54,920)	-	-	(57,520)	(57,520)
Provision for inventory losses (c)	(4,385)	-	-	-	(4,385)	(4,385)
Allowance for doubtful accounts (c)	(6,746)	-	-	-	(6,746)	(6,746)
Transfer of loans to current liabilities (d)	-	-	129,058	(129,058)	-	-
Transfer of debentures to current liabilities (d)	-	-	49,621	(49,621)	-	-
Transfer of real estate credits to current liabilities (d)	-	-	24,365	(24,365)	-	-
Statutory profit sharing (e)	-	-	(2,010)	-	2,010	2,010
Restated balance	**660,375**	**399,446**	**630,068**	**200,893**	**228,860**	**(102,801)**

The accounting entries in the restatement refers substancially to subsidiary TMFL and went through the Consolidated Income Statement as "Result from Discontinued Operations":

a) Write down of accounts receivable for sale of the machinery activity, as a result of the renegotiation that led to the reduction of sales price, as mentioned in Note 8.
b) In addition to recording of write down of accounts receivable for the sale of the machinery activities, as mentioned in (a) above, management recorded a provision for losses for the balance still receivable from Renill Participações, due to impairment of the credit conditions, difficulties in fully implementing the guarantees and lack of updated information on the debtor's financial conditions. in accordance with CPC24 that provides for subsequent events occurred between the period of the financial statements and the approval for their restatement. Such allowance was also recognized as of June 30, 2012.
c) Due to the changes made for restatement purposes, management performed a new process for approval of its financial statements. As part of this process, and in accordance with CPC 24, the impacts from subsequent events occurred between the period of the financial statements and approval for their restatement were also considered. Those events that evidenced conditions that already existed on the date of the related financial statements were adjusted for restatements purposes; and
d) Due to the recording of losses, as mentioned above, certain financial ratios (covenants) of loan agreements and debentures were not met, and the long-term portions were reclassified to current liabilities.
e) Reversal of statutory provision due to the change of profit to loss for the period.

The above provisions and losses were substantially determined by the subsidiary Taurus Máquinas-Ferramenta Ltda., which has no capacity to recover tax credits from income and social contribution tax taxes on that date. As such, deferred income and social contribution tax losses were not recorded for these provisions and losses.
Deferred income and social contribution tax losses were not recorded for these provisions and losses.
The cash flow statements and statements of value added were adjusted to reflect the effects indicated.

1.10– Consolidated investments

Consolidated investments (property, plant and equipment plus acquisitions) in 2Q12 totaled R$ 31.3 million (R$ 12.8 million in 2Q11). Depreciation and amortization totaled R$ 7.9 million in the quarter, compared to R$ 7.8 million in 2Q11. In 1H12, R$ 52.5 million was invested, up 93.7% compared to R$ 27.1 million in 1H11, considering in this amount the acquisitions made in 1H12, previously announced, namely Steelinject in Brazil, in the amount of R$ 14 million and Heritage Manufacturing, Inc. in the USA for R$ 19 million.

The Company's Capital Budget for 2012 amounts to R$78.6 million and was approved by the Ordinary Shareholders'' Meeting of April 27, 2012, with the following distribution of application of funds:

Investments in 2012	R$ million	USD million	%
R&D	11.1	6.3	14.1%
Industrial modernization	17.1	9.8	21.8%
IT	1.4	0.8	1.8%
Subtotal	29.6	16.9	37.7%
Acquisitions	49.0	28.0	62.3%
Grand Total	**78.6**	**44.9**	**100.0**

The graphs below illustrate investments in property, plant and equipment in 1H12 and 1H11, without considering acquisitions, with the following distribution:

1.11 – Financial position

The balance of cash and short-term investments totaled R$ 134.3 million at June 30, 2012, down 28% compared to R$ 186.3 million at March 31, 2012, due to payment of semi-annual dividends related to 2011 results. There was also payment of interest on debenture of 1st issue of the Company in the period, in addition to other recurring obligations of the operations.

Consolidated gross indebtedness of the Taurus companies (including Taurus Máquinas-Ferramenta Ltda.) totaled at June 30, 2012, the amount of R$ 668.9 million, up 4% compared to R$ 646.1 at March 31, 2012. The funds were mainly allocated to financing: (i) of working capital; (ii) of the investments in industrial modernization; (iii) export financing (advances on foreign exchange contracts that will be settled upon shipments); and (iv) acquisitions abroad.

Short and long-term loans and financing totaled R$ 473.8 million at June 30, 2012, up 4.6% compared to the balance at March 31, 2012, already reflecting funding in April/12 by Taurus International, Inc. in the USA, of US$ 75 million, for repayment within 5 years, taken out from Wells Fargo Bank, at very competitive costs.

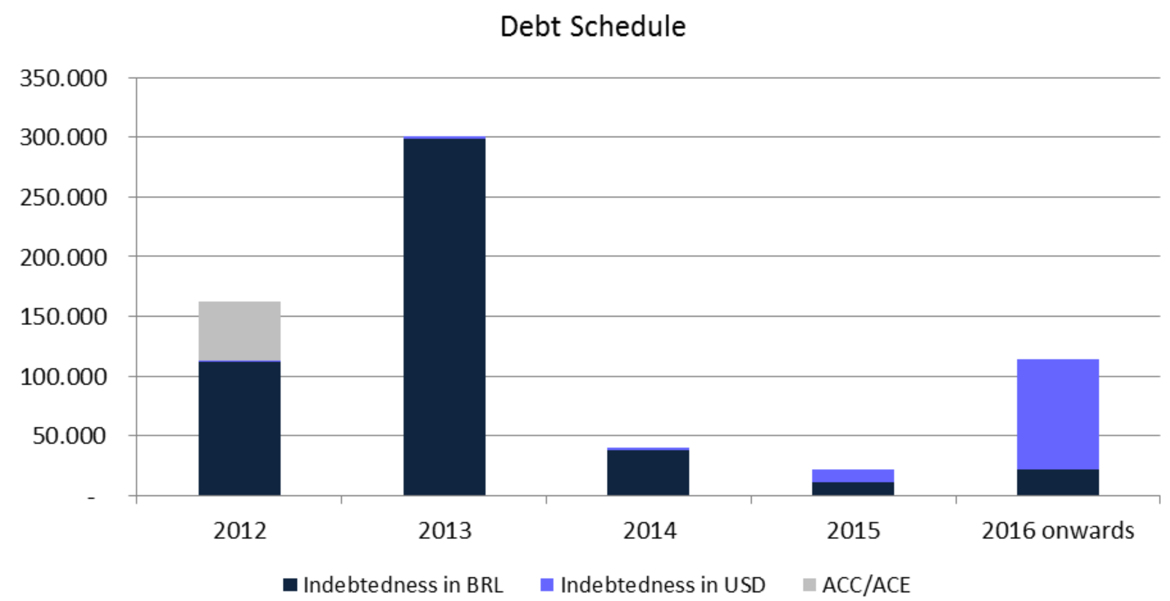
The funds raised were source of working capital for operations in the USA, thus reducing the need of terms granted by the parent company in Brazil and for the payment of acquisition of HERITAGE for US$ 10 million, with payment of US$ 9 million on April 30, 2012 and USD 1 million paid on April 30, 2013.

Although payment terms have been strategically extended at lower costs and the terms of receivables shortened, net indebtedness at June 30, 2012 increased 16%, reaching R$ 534.6 million, compared to R$ 459.8 at March 31, 2012, for also considering the financial position of Taurus Máquinas-Ferramenta Ltda., even after sale of operations, since the financial liability remained with the Company.

Furthermore, we consider the prepayment of receivables as debt, even without recourse, in response to the request of the debenture holders at the General Meeting of Debenture Holders held in November 12, 2013 to voting on the no early settlement of the 1st and 2nd issues.

Loans and financing maturing within short term were increased, totaling R$203 million, both in local currency and in US dollars, owing to the existence of contracts providing for covenants to be met. With the restatement for the 2Q12, calculation of financial ratios (Net Debt/EBITDA and EBITDA/Net Financial Expenses) changed, and there was noncompliance with covenants, also in October 2012 there was enactment of CVM Rule No. 527/12, defining the EBITDA calculation methodology, reason why loans and financing related to these contracts were automatically transferred to the short term portion, since EBITDA calculation per the contracts did not provide for the new methodology, which was defined later on.

With this new scenario after the restatement, the maturity schedule was temporarily concentrated in the short-term portion:



We set out below the Company's financial position, including advance on mortgage credits –CRI and the sureties and guarantees, as well as the financial position of Taurus Máquinas-Ferramenta Ltda., which was restated and consolidated, as well as the main related financial ratios:

					In millions BRL
	06/30/2012	03/31/2012	12/31/2011	Var. Jun/12 x Mar/12	Var. Jun/12 x Dec/11
Short term indebtedness	287,8	168,7	99,0	71%	191%
Long term indebtedness	186,0	284,3	232,7	-35%	-20%
Exchange Serves	49,8	24,0	39,6	107%	26%
Debentures	110,1	128,0	125,3	-14%	-12%
Antecipation Mortages	32,6	34,4	36,1	-5%	-10%
Advance on Receivables	17,9	15,9	17,5	12%	2%
Derivatives	-15,2	-9,2	1,0	65%	-
Gross Indetbetedness	668,9	646,1	550,2	4%	22%
(-) Cash available and financial investments	134,3	186,3	162,2	-28%	-17%
Net Indebtedness	534,6	459,8	388,0	16%	38%
Adjusted EBITDA	155,2	144,2	130,8	8%	19%
Net Indebtedness/Adjusted EBITDA	3,45x	3,19x	2,97x		
Adjusted EBITDA/Financial Expenses Net	2,76x	3,30x	2,75x		

On June 21, 2012, Forjas Taurus S.A. concluded the sale of the operational activities of Taurus Máquinas-Ferramenta Ltda. (“TMFL”) to Renill Participações Ltda. (“RPL”), as per the Agreement for Purchase and Sale of Units of Interest and Other Covenants (“Agreement”) executed by and between the parties.

The selling company was Taurus Máquinas-Ferramenta Ltda. (“TMFL”), with the consent of Wotan Máquinas Ltda. and Taurus Investimentos Imobiliários Ltda. (“TIIL”), through set up of a company denominated SM Metalurgia Ltda. (“SML”), whose subscribed capital of R$115,350 represents the final selling amount, paid with properties, machinery and inventories.

With payment of the debt, of the capitalization and payment in kind by Wotan Máquinas Ltda. and Taurus Investimentos Imobiliários Ltda., Taurus Máquinas-Ferramenta Ltda. now holds the totality of the units of interest of SM Metalurgia Ltda., and Renill Participações Ltda. has the commitment to purchase the totality of the units of interest for R$115,350.

2.2. Renegotiation of the Purchase and Sale Contract for disposal of the operations of TMFL

On August 12, 2013, Renill Participações Ltda.(“RPL”) requested renegotiation of the conditions of the Agreement for Purchase and Sale of Units of Interest and Other Covenants, referring to the sale of the subsidiary SM Metalurgia Ltda. (“SML”).

On September 12, 2013, the Company disclosed a material news release stating that it concluded the review of the Agreement conditions for sale of the subsidiary SML, executing an amendment thereto after analyzing the original terms.

The Parties renegotiated the selling price and payment conditions, adjusting the total Agreement amount to R$57,520, payable as follows:

(a) 1st installment of R$1,960, restated based on the TJLP plus interest of 1.8% p.a., payable by RPL, through SML, with supply of parts in the provision of guarantee services related to machinery manufactured by TMFL, as well as supply of parts and components for all Taurus Group companies;

(b) 2 installments of R$2,055 each, restated based on the TJLP plus interest of 1.8% p.a., the first of which maturing on 06/30/2014 and the second on 12/30/2014; and

(c) the remaining balance, payable in 14 half-yearly installments of R$3,675 each, maturing as from 06/30/2015, restated based on the TJLP plus interest of 1.8% p.a.

The monetary restatement based on the TJLP plus interest of 1.8% p.a. is applicable as from the date of the Agreement for Purchase and Sale of Units of Interest and Other Covenants, executed in June 2012.

On October 10, 2013, there was late disclosure of the ITR for 2Q13 (initially scheduled for 08/14/13) until conclusion of the renegotiation of TMFL sale to be submitted for the appreciation of the Independent Auditors, given the complexity of the analysis of the results, as per the Material News Release disclosed on August 14, 2013.

2.3 Acquisition of Heritage Manufacturing Inc.

On May 2, 2012, the subsidiary Taurus Holdings, Inc. acquired for USD10 million the controlling interest in Heritage Manufacturing Inc., based in Opa Locka, Florida. This company is engaged in manufacturing of Single Action revolvers and replicas of old Far West revolvers.

2.4 Acquisition of Steelinject Injeção de Aços Ltda.

On December 16, 2012, the Company's Board of Directors approved acquisition of Steelinject Injeção de Aços Ltda. for R$14 million, paid in five monthly installments of R$2.8 million, supplementing its segment of products manufactured using the M.I.M. (Metal Injection Molding) methodology. Under the purchase and sale agreement executed by the parties, the controlling interest in said company was transferred to Polimetal Metalurgia e Plásticos Ltda. on January 1, 2012, date on which there was effective conclusion of the business with transfer of the units of interest representing capital of this company.

Company has concluded the evaluation process to determine the fair value of assets acquired and liabilities assumed in the acquisition within a period of up to one year (the measurement period), as provided for in CPC 15 and IFRS 3, with no relevant impact in the results.

3 – Capital market

Performance of shares of Forjas Taurus S.A. - Bovespa

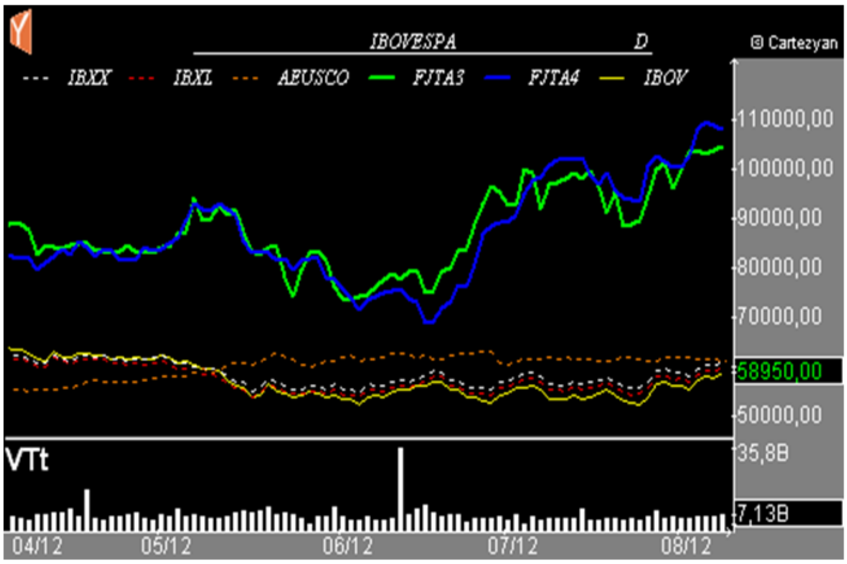
The Company's shares have been listed on Bovespa since March 1982. On July 7, 2011, the Company adhered to Level 2 of BM&FBovespa with its Articles of Incorporation fully amended and consolidated including adoption of differentiated corporate governance practices provided for Level 2.

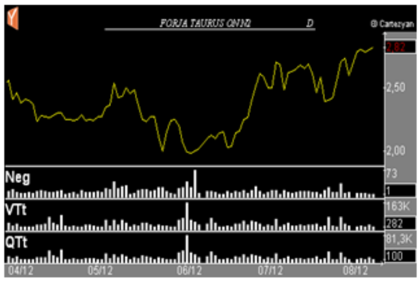
Due to the corporate reorganization occurred in July 2011, that resulted in capital increase followed by share split and reverse split, the number of the Company's shares at December 31, 2011 became 141,412,617, comprising 47,137,539 common shares, representing 33.3% of capital and 94,275,078 preferred shares, representing the remaining 66.7%, not changing capital composition at June 30, 2012.

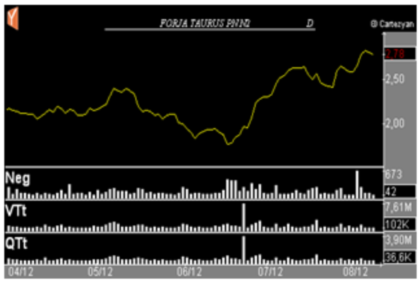
The recent evolution of the main aspects related to liquidity, such as number of trades, financial volume and quantity of traded shares, as well as the market value, based on certain information about shares on BM&FBovespa, clearly evidences the increase in liquidity and appreciation of Taurus shares along 2012 and when compared to July 2011, date of the corporate reorganization, with July 2012. Taurus shares ranked above IBOVESPA index as shown in the table below:

	Avarage Jan a Jul/12	Base: Dec/11	Var.	Avarage Jul/12	Avarage Jul/11	Var.
Share FJTA3 - 47,137,539 shares						
Stock Price - BRL share	2.24	1.53	46%	2.58	2.51	3%
Trades - Amount	13,033	30,274	-57%	7,533	65,357	-88%
Trades - Volume BRL	28,101	49,231	-43%	19,338	125,848	-85%
Share FJTA4 - 94,275,078 shares						
Stock Price - BRL share	2.07	1.46	42%	2.53	2.51	1%
Trades - Amount	31,7770	175,186	81%	272,262	95,410	185%
Trades - Volume BRL	659,154	254,924	159%	681,154	266,452	156%
Market Value FTSA - BRL thousands						
141,412,617 shares	300,649	209,762	43%	360,019	354,811	1%
Ibovespa						
	60,357	57,379	5%	54,617	60,432	-10%

Fonte: BM&FBovespa







Averages FJTA3						
Period	Max	Min	Close	Bus. .	Vol.	Qty
Aug/11	2.21	1.74	1.90	18	185,306	79,914
Dec/11	1.60	1.40	1.49	16	49,231	30,274
Jan/12	2.00	1.50	1.71	12	17,153	10,395
Feb/12	2.52	1.85	2.15	17	58,991	29,800
Mar/12	2.56	2.20	2.44	12	32,486	13,452
Apr/12	2.46	2.09	2.28	10	23,983	10,265
Ma/12	2.54	2.00	2.29	16	20,522	8,955
Jun/12	2.61	1.98	2.18	14	29,844	14,005
Jul/12	2.75	2.39	2.58	10	19,338	7,533

Averages FJTA4						
Period	Max	Min	Close	Bus.	Vol.	Qty
Aug/11	2.26	1.65	1.84	74	325,917	166,117
Dec/11	1.55	1.38	1.46	71	254,924	175,186
Jan/12	1.78	1.42	1.61	112	332,742	205,243
Feb/12	2.15	1.67	1.90	146	643,889	335,047
Mar/12	2.25	1.97	2.13	205	636,767	296,614
Apr/12	2.27	2.00	2.13	93	414,260	194,055
Ma/12	2.43	1.88	2.20	120	774,706	350,450
Jun/12	2.34	1.66	1.96	183	1,135,699	578,335
Jul/12	2.69	2.34	2.53	116	681,154	272,262

4 – *Guidance* (Estimates) 2012 Vs Actual (Restatement)

Company had provided growth projections for 2012 based on perspectives to the two main business segments of Defense & Security and Metallurgy & Plastics as by the original presentation of 2Q12.

According on the 2Q12, 3Q12 and 4Q12 restatements, we are comparing the original projected and original performed and the restated and performed to market knowledge:

In BRL Millions	Guidance 2012	Realized 2012 (Original)	Realized 2012 (Reviewed)	Variation Guidance/Realized
Net Revenue	> R$ 700.0	R$ 701.0	R$ 701.0	Nulo
Adjusted EBITDA	> R$ 150.0	R$ 152.2	R$ 130.3	-13%
CAPEX	R$ 78.6	R$ 90.2	R$ 90.2	14%

CAPEX (Capital Budget) that had been approved for 2012 was R $ 78.6 million. The difference of R $ 11.5 million higher between budgeted and actual 2012 was explained by the carry-over of 2011 paid in 2012 and the excellent opportunity to acquire a contiguous property to our factory in Hialeah, Greater Miami (Florida), which allowed the purchase of machinery and equipment for the migration of Heritage to the same site of Taurus and the migration of Steelinject of Caxias do Sul (RS) for Polimetal factory located in São Leopoldo (RS).

Regards the relocation of the industrial facilities has been expected within up to two years to increase synergy, productivity, quality and reduce costs, presented as follows:

- ✓ Transfer of the Steelinject plant (metal injection molding for third parties) from Caxias do Sul, to the plant in São Leopoldo – Polimetal, occurred in june 2013, where the M.I.M. plant already operates. – *Metal Injection Molding*, which produces components used in the weapon production lines;
- ✓ Transfer of the Rossi long guns production line, from the plant in São Leopoldo – Branch 5 (rented premises), to the plant in São Leopoldo – Polimetal, in own premises until June 2014;
- ✓ Transfer of the plant of Heritage in Opa Locka (FL) – USA, to the plant of TIMI – Taurus International Manufacturing Inc. in Hialeah, in Greater Miami (FL) – EUA, occured in September 2012, where we already have weapon production lines.